

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/16)**  
**BUTTER:** Grade AA closed at \$1.1750. The weekly average for Grade AA is \$1.1750 (+.0055).

**CHEESE:** Barrels closed at \$1.1850 and blocks at \$1.1950. The weekly average for barrels is \$1.1890 (-.0025) and blocks, \$1.2060 (+.0020).

**BUTTER:** The butter market is unsettled as the cash price continues to fluctuate higher and lower. Cream supplies for churning have tightened. Although cream volumes for churning are lower, many butter producers remain comfortable with their production schedules. Butter inventories continue to run heavier than last year at this time. The CME weekly warehouse total increased by 740,000 pounds last week (the smallest increase this year) to stand at 157.1 million pounds. Stocks have increased for 24 consecutive weeks. In every other year there has been at least one negative week by now. Quota imports of butter for the first five months of the year total 4.7 million pounds, sharply lower than last year at this time. Imports stand at 33% of the annual quota. The vast majority of the quota butter has come from New Zealand. Imports of High-Tier butter (above quota and with a penalty) totals 400,000 pounds for the five month period. Some butter printers report that they are tempering frozen butter for microfixing. This situation is probably not that unusual for this time of the season. Heavy bulk production earlier in the year provided an outlet for the large volumes of available cream. Now that printers will have some down time, they are repackaging existing stocks into consumer sized packages for future needs. Churning activity is typically lower during the summer months, thus inventoried stocks are often used to fill summer needs. Retail butter demand is fairly active as good sales of featured and unfeatured butter continue to clear grocery shelves. Food service orders are also seasonally active as the summer vacation season continues.

**CHEESE:** The cheese market is unsettled to weak. Barrels continue to drive current market prices with other traders trying to maintain a near normal block/barrel spread. Promotional activity on different items from natural chunks, slices, shreds, to process items continues to keep product clearing through channels. Current cheese production remains seasonally active though milk volumes and yields are showing declines in parts of the country. Quota imports of cheese for the first five months of the year total 100.5 million pounds, about 86% of the total for the same period last year. Imports stand at 34% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) have reached 13.0 million pounds for the five month period, up 35% from last year.

**FLUID MILK:** Class I demand is at normally lighter, summer levels. Cream demand is strong seasonally from ice cream and other Class II users. Milk receipts are lower in the Southwest, Middle Atlantic states, and Florida where prolonged bouts of heat have impacted cow comfort and output. Output in New Mexico, Arizona and southern California is also lower.

Receipts are fairly steady in the upper Midwest and Northeast where temperatures have moderated. Output is holding in the Pacific Northwest near peak levels. Receipts have held up well in Utah and Idaho despite recent heat. Manufacturing schedules remain heavy as any declines in milk receipts are offset by lower Class I utilization.

**DRY PRODUCTS:** The lactose market remains firm as deliveries remain limited to contractual volumes. Demand from both domestic and export markets remains good. The buttermilk market is steady to weak. Drying schedules are lighter due to reduced churning as ice cream and other users absorb a larger share of cream supplies. Also, ice cream makers are utilizing larger volumes of condensed buttermilk. Producer stocks remain heavy. Whey is generally steady with most prices unchanged. Demand is light as buyers wait for indications of additional price direction. Production is lighter but remains seasonally active. Supplies are at least adequate for needs. The NDM market is steady with prices steady to occasionally higher on high heat. Skim volumes for drying are lighter though inventories remain high in some warehouses. Some buyers are buying ahead of anticipated higher July prices. Surplus volumes continue to clear to CCC from the West. Prices and the market for WPC are steady. Offerings are in better balance and demand is steady to improved.

**CCC:** During the week of June 12 – 16, net purchases by CCC totaled 6,665,925 pounds of Western NDM.

**JUNE MILK SUPPLY AND DEMAND ESTIMATES (WAOB):** The milk production forecast for 2006 is lowered slightly from last month, but the 2007 forecast is unchanged. Milk cow numbers in 2006 are raised fractionally, but the increase is offset by slightly slower-than-expected growth in milk per cow. Higher feed costs are expected to result in slower growth in milk per cow. Cheese demand remains relatively strong and in the face of slightly tighter milk output, the cheese price forecast is raised from last month. However, forecast butter prices are unchanged and nonfat dry milk (NDM) and whey prices for 2006 and 2007 are lowered fractionally from last month reflecting weaker demand. The Class III price forecast for 2006 is unchanged from last month because increased cheese prices offset lower whey prices. The Class IV price forecast is reduced slightly due to lower NDM prices. The forecast range for the all milk price for 2006 is narrowed to \$12.40 to \$12.80 per cwt. The Class III price for 2007 is reduced due to lower whey prices, but Class IV and the all milk price forecasts for 2007 are unchanged.

**Retail Milk Prices (Market Information Branch)** has recently added the following report to its Milk Marketing Order Statistics web site, "Retail Prices for Whole Milk and Reduced Fat (2%) Milk, 2001-2005 Summary". The URL for this report is: [www.ams.usda.gov/dyfmom/mib/rtl\\_milk\\_prices.htm](http://www.ams.usda.gov/dyfmom/mib/rtl_milk_prices.htm)

Once there, click on Summary Report 2001-2005.

---

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

JUNE MILK SUPPLY AND DEMAND ESTIMATES (PAGES 8 - 9)  
 2006 COW SLAUGHTER UNDER FEDERAL INSPECTION (PAGE 10)

DAIRY GRAPHS (PAGES 11 - 12)

---

**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

PRODUCT	MONDAY JUNE 12	TUESDAY JUNE 13	WEDNESDAY JUNE 14	THURSDAY JUNE 15	FRIDAY JUNE 16	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1825 (N.C.)	\$1.1925 (+.0100)	\$1.1925 (N.C.)	\$1.1925 (N.C.)	\$1.1850 (-.0075)	(+.0025)	\$1.1890 (-.0025)
40# BLOCKS	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2050 (-.0050)	\$1.1950 (-.0100)	(-.0150)	\$1.2060 (+.0020)
BUTTER GRADE AA	\$1.1675 (N.C.)	\$1.1750 (+.0075)	\$1.1875 (+.0125)	\$1.1700 (-.0175)	\$1.1750 (+.0050)	(+.0075)	\$1.1750 (+.0055)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM) NOTE: CME NDM on Page 2.

## CHICAGO MERCANTILE EXCHANGE

MONDAY, JUNE 12, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.1200; OFFERS UNCOVERED: NONE

BUTTER -- SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1500; OFFERS UNCOVERED: 5 CARS GRADE AA: 2 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1750, 1 @ \$1.1775

TUESDAY, JUNE 13, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.1925, 2 @ \$1.1825; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 17 CARS GRADE AA: 1 @ \$1.1675, 14 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1750; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1700, 1 @ \$1.1600; OFFERS UNCOVERED: 3 CARS GRADE AA: 2 @ \$1.1750, 1 @ \$1.1800

WEDNESDAY, JUNE 14, 2006

CHEESE -- SALES: 3 CARS 40# BLOCKS: 2 @ \$1.2125, 1 @ \$1.2100; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1925; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.2200

BUTTER -- SALES: 18 CARS GRADE AA: 1 @ \$1.1750, 1 @ \$1.1775, 15 @ \$1.1800, 1 @ \$1.1875; BIDS UNFILLED: 9 CARS GRADE AA: 1 @ \$1.1850, 2 @ \$1.1750, 5 @ \$1.1725, 1 @ \$1.1700; OFFERS UNCOVERED: 5 CARS GRADE AA @ \$1.1875

THURSDAY, JUNE 15, 2006

CHEESE -- SALES: 1 CAR BARRELS @ \$1.1925; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1925; 2 CARS 40# BLOCKS: 1 @ \$1.2050, 1 @ \$1.2150

BUTTER -- SALES: 2 CARS GRADE AA @ \$1.1700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE AA @ \$1.1925

FRIDAY, JUNE 16, 2006

CHEESE -- SALES: 1 CAR BARRELS @ \$1.1900; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.1800, 1 @ \$1.1725; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1850; 2 CARS 40# BLOCKS: 1 @ \$1.1950, 1 @ \$1.2000

BUTTER -- SALES: 5 CARS GRADE AA @ \$1.1750; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.1700; OFFERS UNCOVERED: 7 CARS GRADE AA: 6 @ \$1.1800, 1 @ \$1.1850

**CME CASH NONFAT DRY MILK:** Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A, February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

## BUTTER MARKETS

## NORTHEAST

The butter market is steady. The CME cash price has dipped fractionally below the \$1.17's for the first time since late April. During that period, the CME rarely "strayed" out of the \$1.17-1.18 price range. Churning activity in the East is often lighter as demand for fluid cream has improved since June 1. Butter stocks are ample and the slower output is slowing inventory build up. Orders from retail chains are still mostly steady. There are increased reports of retail feature activity which temporarily may help consumption. Food service orders are still improving in resort areas. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

## CENTRAL

During the past six consecutive cash trading sessions at the CME, the cash butter price went from the lowest (\$1.1675) to the highest (\$1.1875) since April. Producers and handlers acknowledge that cream supplies are less available, but feel that they are not tightening that quickly to justify a 2 cent increase in the two most recent trading sessions. Churning activity remains seasonally strong, although cream supplies for churning, especially outside offerings, are lighter. Some cream suppliers are looking for additional cream volumes to cover all needs. Cream is available if buyers are willing to pay asking prices. Often pricing multiples are increasing. Many Central butter producers feel that they will be basically satisfied with normal cream offerings during the upcoming summer months. Most have had a strong spring production season, thus their inventories are often in better shape than they have been in some time for this time of the season. Butter orders, especially retail, are fairly active as the current cash price is at a level that allows retailers to feature butter. Butter handlers also state that

the current cash price is such that it often generates favorably priced unfeatured butter for consumers. Food service orders are generally steady. Bulk butter for spot sale is being reported in the flat - 2 cents per pound over various pricing basis.

## WEST

Last week, cash butter prices at the CME had fallen below \$1.17 for the first time since late April. This week, on very heavy trading, prices moved back up above that level again to settle at \$1.1875 at midweek. The amount of activity at the CME surprised many contacts. Activity on Tuesday and Wednesday of this week totaled 35 loads sold on both bids and offers. Prices have not been this high since early March. Some trade contacts had thought that there was surplus butter around and that cream was still plentiful. Those trading at the Exchange seem to think otherwise. Some Western feature activity at two pounds for \$5 was noted. Restaurant and food service activity is rated as good as the summer vacation season picks up. Quota imports of butter for the first five months of the year total 4.7 million pounds, sharply lower than last year at this time. Imports stand at 33% of the annual quota. The vast majority of the quota butter has come from New Zealand. Imports of High-Tier butter (above quota and with a penalty) totals 400,000 pounds for the five month period. The CME weekly warehouse total increased by 740,000 pounds last week (the smallest increase this year) to stand at 157.1 million pounds. Stocks have increased for 24 consecutive weeks this year and that has never occurred before. In every other year there has been at least one negative week by now. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages. Year to date exports of butter under the CWT program total 10.63 million pounds. Exports of anhydrous milk fat for the same period total 2.56 million pounds.

## NASS DAIRY PRODUCT PRICES

## U.S. AVERAGES AND TOTAL POUNDS

	CHEESE				
	40# BLOCKS	BARRELS	NDM	BUTTER	DRY WHEY
WEEK ENDING		38% MOISTURE			
JUNE 10	1.2018	1.2096	0.8210	1.1546	0.2804
	9,679,996	11,540,066	26,204,184	2,577,509	11,158,589

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are generally lower as prices at the CME have adjusted themselves into a more normal spread or relationship between blocks and barrels. The market tone is somewhat unsettled as contacts wait for a clearer "picture" of where prices will settle before reentering the market. Cheese production in the Northeast remains quite heavy. Many cheese plants in that part of the country expect more milk to become available when schools recess for summer. Supplies of cheese are more than adequate to meet the steady to occasionally slower demand for natural items. Orders for process cheese are improving along seasonal patterns. Retail sales are seldom better than fair, unless featured and food service orders are improving in resort areas.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2875-1.8075
Cheddar Single Daisies	:	1.2450-1.7300
Cheddar 40# Block	:	1.3450-1.6175
Process 5# Loaf	:	1.4025-1.6475
Process 5# Sliced	:	1.4225-1.7325
Muenster	:	1.3600-1.5600
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is nearly steady, staying within its' recent trading range. Current interest is mixed, best where buyers are running promotions on various products, including natural chunks. Process interest is fair to good seasonally. Barrel supplies are tight to adequate in the region. Some buyers still report occasional tightness in non-cheddar natural American varieties but generally order lead times remain about normal. Current cheddar block supplies are at least adequate for needs. Continuing pizza promotions help keep mozzarella supplies from accumulating very fast for most producers. Cheese production remains seasonally active as less milk is needed by bottlers for school accounts. Patron milk receipts are little changed and have occasionally rebounded from recent declines. Cheese yields are generally lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4625-1.6400
Brick And/Or Muenster 5#	:	1.6500-1.7600
Cheddar 40# Block	:	1.5200-2.2650
Monterey Jack 10#	:	1.6500-2.2650
Blue 5#	:	2.0650-2.3300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3900-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.1550-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE  
CENTERS AND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER : CHEESE	
		:
06/12/06	52,526	: 142,628
06/01/06	48,721	: 139,662
CHANGE	3,805	: 2,966
% CHANGE	8	: 2

## WEST

Block cheese prices at the CME cash market have been above \$1.20 for 20 consecutive trading sessions and closed at midweek at \$1.21. The barrel/block spread has tightened again and will probably need to move one way or the other to get back to a more normal historical relationship. The price moves at the CME last week have caused some producers to offer less cheese on the market while buyers are still searching for more cheese for immediate needs. Cheese demand is generally being rated as good for this time of the year and buyers know that production will begin to decline more rapidly as more areas of the country face increasing weather stress. Some producers are seeing a slowdown in demand and some stock building taking place. Quota imports of cheese for the first five months of the year total 100.5 million pounds, about 86% of the total for the same period last year. Imports stand at 34% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) have reached 13.0 million pounds for the five month period, up 35% from last year. Quota Swiss imports for the period are 22.0 million pounds, 28% of the annual quota. The top three source countries for Swiss cheese are Finland, Norway, and France. Year to date exports of cheese through the CWT program total 5.84 million pounds.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3450-1.6025
Cheddar 40# Block	:	1.3225-1.6750
Cheddar 10# Cuts	:	1.5025-1.7225
Monterey Jack 10#	:	1.5125-1.6725
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

## FOREIGN

Prices are unchanged to fractionally lower, particularly on domestic styles. The market tone is seasonally steady. Demand is mostly for replacement volumes. With schools soon to be on recess in the Northeast, retail sales/consumption of imported and domestically made cheeses are expected to slip into typically slow summer patterns. Recent reports indicate that imports of cheese subject to licensing during the first five months of 2006 total 45.58 million Kg., 13.95% less than the same period in 2005. During that same time frame, imports of high-tier cheese totaled 5.90 million Kg., 35.34% more than the same period last year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
Roquefort	:	TFEWR	: -0-
Blue	:	2.6400-4.3500	: 1.6000-3.0900*
Gorgonzola	:	3.6900-5.9400	: 2.1100-2.4900*
Parmesan (Italy)	:	TFEWR	: 3.0150-3.1200*
Romano (Italy)	:	2.1000-3.1900	: -0-
Provolone (Italy)	:	3.4400-6.0900	: 1.6000-1.8375*
Romano (Cows Milk)	:	-0-	: 2.7975-4.9400*
Sardo Romano (Argentina)	:	2.8500-3.2900	: -0-
Reggianito (Argentina)	:	2.6900-3.2900	: -0-
Jarlsberg-(Brand)	:	3.1200-4.1500	: -0-
Swiss Cuts Switzerland	:	-0-	: 2.4500-2.6500
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-
Swiss Cuts Austrian	:	TFEWR	: -0-
Edam	:		:
2 Pound	:	TFEWR	: -0-
4 Pound	:	TFEWR	: -0-
Gouda, Large	:	TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:		:
10 Ounce	:	27.8000-31.7000	: -0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	55	0	130	0	127
SOUTHEAST STATES	0	0	0	0	0	84

Regional Milk Market Administrators announced the following, May 2006 uniform prices: Northeast \$12.61, Mideast \$11.65, Appalachian \$13.05, Southeast \$12.90, Florida \$14.28, and Western New York (a state order) \$12.18 at the base city or county in the orders. Milk production is decreasing in most parts of the East. In Florida and other Southeastern states, milk output is being hurt by the hot, humid weather. Tropical storm Alberto did little to hurt production and demand as pre-storm sales were reported as "normal." However, several Florida retailers are featuring bottled milk this week and demand is improved. Improved demand and lower production are combining to lessen the volumes of milk being sent out of state for processing. In the Middle Atlantic area, the milk flow is slowing and Class I demand is steady. In the Northeast, milk output is mostly steady, but contacts feel that production is past its peak. A rainy weekend in New England continued to delay field work and first cutting alfalfa. Reports in this part of the East indicate that the rate that farmers are leaving the business is a little heavier than "normal" for this time of year. Manufacturing plant contacts report lighter receipts, but most are operating daily. Some contacts report that the decline in milk receipts is welcomed as it gives them time to do maintenance and plant clean-up. Balancing plants in the Southeast are operating only on weekends. The condensed skim market is basically steady, but prices are adjusted higher and lower. Sales are still mostly contractual, but a few extra spot loads were noted this week. The fluid cream market is firm and prices are generally higher as multiples are generally higher. Contacts comment that this market has firmed up rapidly since June 1. Demand is improving and supplies have tightened slightly. One contact commented that he currently can't find loads to fill orders. The hot weather is boosting production and sales of soft serve ice cream mix. Production of hard ice cream is seasonally moderate to heavy as sales and consumption are improving along seasonal patterns. Production of bottled cream, aerosol whipped cream, sour cream, and dips is steady to improved. Churning activity is lighter as most cream is moving to Class II outlets. Trucking continues to be an issue for suppliers.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.4970-1.6373
DELIVERED EQUIVALENT: ATLANTA	-	1.4736-1.6490 M 1.5204-1.5905
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4268-1.5671

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9000-.9700
NORTHEAST - CLASS III - SPOT PRICES	- .8900-.9500

## M I D W E S T

Class I demand is generally lighter with most, if not all, schools now closed for the summer. Retail features, including some priced under \$2.00 per gallon, are stimulating some consumer buying but not enough to offset the closing of schools. Manufacturing milk supplies remain seasonally heavy and most plants continue to operate on extended schedules. For some plant operators, interest is improving in acquiring a spot load or two of milk, especially for some specialty items. Spot milk prices have rebounded from the lows around Memorial Day weekend. Reported spot manufacturing milk prices, on a light test, range from a low of around -\$1.50 shipped in from the Nebraska/South Dakota area to +\$0.70 to +\$1.40 over class net, with local prices now above class in the Minnesota and Wisconsin area. Cream supplies seem tighter and multiples have moved higher. Churning schedules are lighter as cream offerings decline so more butter is being taken out of inventory for printing. Ice cream production and sales are seasonally active with inventory reductions common and seasonal. Ice cream promotions are numerous in many areas. Some manufacturers have also stepped

up production of heavy cream for fresh berry season. Milk intakes are uneven in the region. Receipts are declining in southern areas as continued heat impacts cow comfort despite heat abatement equipment. In northern tier states, some plants are noticing rebounds while others see sideways intakes. Fat and protein levels are trending lower. Most first cutting is already in storage with very good yields in the upper part of the region. Wet conditions around mid-May in some areas forced extra replanting or "larger" population gaps in fields where water stood and flooded out plants.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 45.00- 52.00	\$ 54.00- 61.00
REPLACEMENT HEIFER CALVES	\$350.00-680.00	\$450.00-750.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 8 - 14	PREVIOUS YEAR
SLAUGHTER COWS	\$ 46.00- 51.00	\$ 51.00- 62.00

## W E S T

The July 2006 Class 1 prices in CALIFORNIA range from \$12.37 in the north to \$12.64 in the south. The statewide average Class 1 price based on production is \$12.40. The average is 3 cents higher than June 2006 but \$2.84 less than July 2005. CALIFORNIA milk production is steady to lower in the Southern milkshed. Conditions have been generally favorable for milk cows, but longer days and increased time in milk seem to be causing some declines in milk. Contacts are noting that the number of farms and cows in the region continue to decline. Milk volumes shipped into the region to supplement needs continue to increase. Milk supplies in the Central Valley are mostly steady with slight declines noted at some plants. Total volumes are running 4 to 5% higher when compared to last year. Plants are running well on heavy schedules. Milk in the more northern producing areas is moving slightly higher on a seasonal basis. Temperatures and conditions have been favorable. Bottled milk interest is lower, especially for school accounts. Retail orders have been slow to develop. Hot temperatures in ARIZONA have brought milk production lower as cow comfort suffers. Plant intakes are lower and milk solids continue to decline seasonally. Plants are running well with supplemental milk from other states being processed. NEW MEXICO production is moving lower as a result of continued hot weather topping 100 degrees in the milk producing regions. Humidity remains on the low side, so misting and fans are helping to reduce stress. Plants are taking expected loads of milk and all are running well within the state. Fluid milk orders are rebounding slightly this week as retail orders increased to offset school declines. CREAM prices are mostly steady with increases noted. There is demand developing from ice cream and other higher class items. However, freight is an increasing problem. Cream is available in the West, but costs to ship it to buyers in the Midwest and East are higher and more surcharges are appearing for tankers. The basing price of the CME Grade AA butter moved a penny higher from last week to close at \$1.1875 at midweek. Cream multiples moved higher on the bottom of the ranged and are at 102 to 120, FOB, and vary depending on class usage and basing points. Milk production in OREGON and WASHINGTON is generally thought to be at the seasonal peak. Parts of the region are still moving up, but other parts are moving lower. Cool temperatures will probably extend the time that cows are at peak output. Showery conditions continue to cause problems with the hay harvest in the region. Some hay has been rained on a number of times and lost much of its color and feed value. Baling this hay means that most of the leaves are gone and that it is brittle and dusty to handle. Prices for new crop hay are higher than last year and quality is lower. Some dairy producers are buying some of the very good dairy hay and blending it with low end feeder hay to make a decent ration and to save money. Average heifer prices at the monthly sale in Washington were down another \$1-200 to stand at \$17-1800. The volume sold was very light. Conditions have been relatively warm in UTAH and IDAHO, but it is cooling off at the end of the week. Much of the hay put up in these two states has been good quality. Some has been caught in shower activity, but the harvest windows have been large enough to get much of it up in good shape. Stress has been low on the dairy herds and milk output remains quite heavy. Heifer prices in the region are relatively steady in the range of \$1850-1900 for average heifers.

## NDM, BUTTERMILK &amp; WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

## NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are steady to higher as lower output and a slightly improved demand prompted some to push prices, particularly high heat, up a little. Surplus milk supplies are easing as hot weather is impacting milk output in some parts of the region. Drying schedules are steady to lower. Producer stocks, though ample, appear to be in better balance than producers on either Coast. Demand is fair and often contractual or in the resale side of the market.

EAST: Prices are mostly steady. The market tone is little changed from last week. No Eastern NDM was offered to CCC again this week. Last week's NASS average NDM price (the basis for most NDM sales) decreased about \$0.0015. Production levels eased slightly as milk supplies decline seasonally, particularly in the more southern areas. In the Northeast, milk supplies are still quite heavy. Some producers were able to reduce drying by a shift or two. Producer stocks are still a concern in the East, but recent large-volume sales (both domestic and export) are clearing stocks faster than production is replenishing them. There is some speculation that the improved interest is due to the fact the major NDM supplier in the U.S. adjusts their prices higher on July 1.

NOTE: A recent USDA, FAS report shows that NDM exports during the first four months of the year total 86,311.4 MT (approx. 190 million pounds), 28.15% less than the same period last year.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8300 - .8775 MOSTLY: .8300 - .8500

HIGH HEAT: .8675 - .9300

## NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are mostly steady, although slightly higher on the top end of the range. There are indications of pricing levels trending higher for domestic sales. Some buyers are actively buying ahead of an increased formula coverage starting in July. Demand is light to fair. Buyers are in the market to cover for future needs with lighter demand for current needs. Usage of NDM and condensed skim in cheese production remains uneven. Some cheese producers continue to use available milk supplies and have little interest in extending their output of current cheese. Exporting of NDM continues, but no news yet on Mexico's intent on new purchases. Inventories in producers' hands range from moderate to heavy. There continues to be offerings to the support program at 80 cents. During the week of June 5 - 9, net purchases from the West totaled 6.2 million pounds of NDM under the CCC support program. Western high heat prices are mixed in generally light trading. The market continues to operate on a make to order basis with spot traded very limited. Production is light and is able to cover current demand. Stocks are light to moderate. From January to April 2006, FAS reports exports of NDM/SMP totaled 86,311 MT (190.3 million pounds), compared to 120,125 MT (264.8 million pounds) in the same period in 2005, a decline of 28.2%. During April 2006, exports totaled 58.4 million pounds.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .7950 - .8350 MOSTLY: .8000 - .8150

HIGH HEAT: .8225 - .8700

## CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 9	\$ .8062	12,384,346	6,849,978
June 2	\$ .8077	10,696,322	5,427,838

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

## DRY BUTTERMILK - CENTRAL

Price and the market tone are unchanged. Production levels are lighter. Churning activity is slowing in response to improved Class II cream demand. Also, demand for condensed/liquid buttermilk is improving along seasonal patterns. Demand for dry buttermilk is slow to fair. Contacts report that there is little market activity. Producer stocks are generally heavier than desired, but with lower production levels, the gains appear to have slowed.

F.O.B. CENTRAL: .6500 - .7900

## DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady and the market tone remains weak. Northeastern prices are nominal. Churning activity is lighter this week and less buttermilk is available to process. Demand for liquid buttermilk is also improving as ice cream makers increase output to meet summer needs. Drying schedules are lighter. Producer stocks are heavier than some producers would like. Demand is slow to fair.

F.O.B. NORTHEAST: .6700 - .6900

DELVD SOUTHEAST: .6900 - .7200

## DRY BUTTERMILK - WEST

Western prices are unchanged this week for dry buttermilk. Some producers are seeing the market tone as steadier after recently clearing excess stocks. Others are still working to move extra powder. Seasonal declines in milk and fat levels are noted. The trade is reporting less drying of buttermilk powder. Demand is light to fair. Current trade needs are not as readily supplied as in recent months. Some producers' stocks are in better balance.

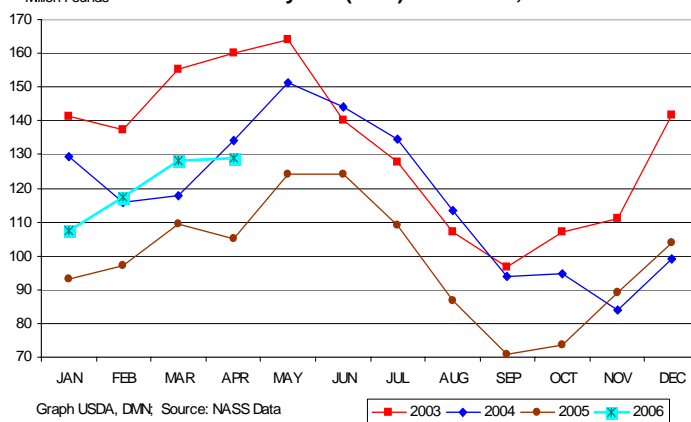
F.O.B. WEST: .6000 - .6600 MOSTLY: .6200 - .6500

## DRY WHOLE MILK - NATIONAL

Prices are higher and lower and nominal. The lower prices are in response to the relatively low butter price at the CME and the higher prices are due to the higher Class IV milk price. The market tone is unchanged. Production is light and plant stocks are closely balanced. The CWT industry-operated export program, accepted two more bids to export whole milk powder; 80 MT (176,368 pounds) of whole milk powder to Trinidad and 80 MT (176,368 pounds) to El Salvador. Since the beginning of the year, CWT has helped export 1,154 MT (2,455,924 pounds) of dry whole milk.

F.O.B. PRODUCING PLANT: 1.1000 - 1.2375

U.S. Nonfat Dry Milk (NDM) Production, Human



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices and the market tone are little changed. Contacts speculate that prices may be "near the bottom" and some feel that buyers are waiting for prices to move to trigger some additional interest. However, some do not expect a sharp or quick upturn in prices. Supplies are fully adequate to meet needs. Buyers comment that although there are fewer discounted prices in the marketplace, there is little difficulty finding desired volumes. Production levels, though moderate to heavy, are a little lighter as surplus milk volumes decline in some parts of the region. Traders report a relatively quiet week. Domestic demand is steady and export interest is occasionally improving. During the first four months of 2006, USDA, FAS reports that dry whey exports totaled 66,092.4 MT (approx. 145.7 million pounds). Major destinations area: China, 19,625 MT; Japan, 7,925 MT; Canada 7,001 MT; Korea 6,123 MT; Thailand, 5,320 MT; Philippines, 3,945 MT; Vietnam, 2,595 MT, and Mexico, 1,821 MT.

F.O.B. CENTRAL: .2725 - .2875 MOSTLY: .2725 - .2775  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2400 - .2600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are mostly unchanged and the market tone is steady. With prices relatively stable for so long, buyers appear to be waiting for market signals before getting back into the market. Producers comment that dry whey is occasionally available for spot offerings. Demand is slow to fair. Producers and traders report that there are few discounted offerings in the market. Production is moderate to heavy in the Northeast. Spot market activity is still light. Producers continue to clear most of their output via contracts. Domestic demand is fair and often for immediate needs. Export interest seems to be improving.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2750 - .3000  
DELVD SOUTHEAST: .2900 - .3250

**DRY WHEY - WEST**

Most contacts are calling the Western whey market steady at this time. Sellers are not seeing the need to discount product as offerings are clearing more easily into both export and domestic channels. A tender for whey to move to the Far East is being finalized and it looks like the U.S. should get a good portion of it within the current price range. Powder production is beginning to edge lower seasonally. Stocks are generally in good balance for the fair to improving demand. Whey exports, according to FAS, for the first four months of the year total 145.7 million pounds, down 4.3% from the same period in 2005. This volume is about 39% of the total dry whey production for the U.S. for the period. The top five country destinations and the volumes shipped are as follows: China, 43.3 million pounds; Japan, 17.5 million pounds; Canada, 15.4 million pounds; Korea, 13.5 million pounds; and Thailand, 11.7 million pounds. These five countries received 101.4 million pounds over the four month period which is equivalent to 70% of the total exports.

NONHYGROSCOPIC: .2650 - .3200 MOSTLY: .2800 - .3000

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices and the market tone are unchanged. Offerings are in better balance and demand is steady to improved. Like the dry whey market, some contacts feel that 34% WPC prices are near the bottom of this particular price cycle. Producers report getting more calls from buyers for both domestic and export needs. Producer stocks are mixed. Some feel that the higher protein (80%) market is still weak, but the 34%, to others, is firming. Export interest is steady to improved. A recent USDA, FAS reports show that exports of WPC during the first four months of 2006 totaled 14,352.9 MT (approx. 31.64 million pounds), 47.48% more than last year. Major destinations for WPC are: Mexico, 7,214 MT; Canada, 1,652 MT; China 1,373 MT; and Korea 1,303 MT.

F.O.B. EXTRA GRADE 34% PROTEIN: .5550 - .5950 MOSTLY: .5700 - .5900

**LACTOSE - CENTRAL AND WEST**

Prices are mostly steady and the market tone is firm. Contacts report that negotiations for third quarter contracts are underway and many are complete. Indications of moderately higher prices have been noted. Offerings are tight. Domestic and export demand is very good. Most sales are contractual with limited volumes available for spot sale. According to USDA, FAS, exports of lactose during the first four months of 2006 totaled 38,047 MT (approx. 83.88 million pounds), 54.68% more than the same period last year. Major destinations for lactose are: Mexico, 16,559 MT; Japan, 6,847 MT; Thailand 2,438 MT; Vietnam 2,429 MT; China 1,805 MT; Brazil 1,793 MT; and Philippines 1,570 MT.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
F.O.B. EDIBLE: .2400 - .3300 MOSTLY: .2500 - .3000

**CASEIN - NATIONAL**

Casein markets and prices remain unchanged. Domestic buyers continue to indicate that they are getting their desired volumes of casein from regular sources. At this time, there is little spot buyer interest as most sales activity continues to center around contract commitments. Although there is slow spot buyer interest, additional supplies at lower prices are available for potential buyers. Some of this product is from sources that have possible buyers questioning quality and product makeup. Importers and traders of this supply indicate that quality is comparable to buyer specs, although many potential buyers remain hesitant.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1000  
ACID: 3.0500 - 3.1500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are steady. Production levels are steady to a little lighter as milk supplies decline in most parts of the country. Producer stocks are being replenished as demand is seasonally slow and not keeping pace with output.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.20 - 36.00  
Excluding promotional and other sales allowances. Included new price announcements.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 12 - 16, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 06/09/06	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	198,000	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	6,784,918	118,993	6,665,925	61,687,538	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	6,784,918	118,993	6,665,925	61,687,538	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 12 - 16, 2006 =	1.5	77.6	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	15.4	720.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - JUNE 16, 2006 =	15.4	720.0	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 12 - 16, 2006 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	6,665,925	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	198,000	-0-	1,364,259	1,331,567	13.8	4.2
WEST	-0-	-0-	-0-	-0-	57,700,548	29,415,099	82.4	92.4
EAST	-0-	-0-	-0-	-0-	2,622,731	1,070,603	3.8	3.4
<b>TOTAL</b>	-0-	-0-	198,000	-0-	61,687,538	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/27/06 & Comparable Week 2005

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2006-Dairy	N.A.	0.6	5.3	2.0	13.4	2.2	0.2	N.A.	12.8	1.6	39.0	40.9
2005-Dairy	N.A.	0.5	6.2	1.7	12.6	1.9	0.6	N.A.	11.3	2.2	38.0	42.2
2006-All cows	N.A.	0.7	6.6	10.5	25.7	20.3	10.6	N.A.	15.2	2.3	95.3	48.1
2005-All cows	N.A.	0.6	7.6	10.2	24.8	14.9	11.6	N.A.	12.9	4.7	90.1	

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75						
II	13.25	12.62	11.69	11.37	11.13							
III	13.39	12.20	11.11	10.93	10.83							
IV	12.20	11.10	10.68	10.36	10.33							

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfm05/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm)

## JUNE MILK SUPPLY AND DEMAND ESTIMATES\*

The milk production forecast for 2006 is lowered slightly from last month, but the 2007 forecast is unchanged. Milk cow numbers in 2006 are raised fractionally, but the increase is offset by slightly slower-than-expected growth in milk per cow. Higher feed costs are expected to result in slower growth in milk per cow.

Cheese demand remains relatively strong and in the face of slightly tighter milk output, the cheese price forecast is raised from last month. However, forecast butter prices are unchanged and nonfat dry milk (NDM) and whey prices for 2006 and 2007 are lowered fractionally from last month reflecting weaker demand. The Class III price forecast for 2006 is unchanged from last month because increased cheese prices offset lower whey prices. The Class IV price forecast is reduced slightly due to lower NDM prices. The forecast range for the all milk price for 2006 is narrowed to \$12.40 to \$12.80 per cwt. The Class III price for 2007 is reduced due to fractionally lower whey prices, but Class IV and the all milk price forecasts for 2007 are unchanged.

U.S. MILK SUPPLY AND USE					
Commodity	2005	2006 Projected		2007 Projected	
		May	June	May	June
<b>MILK</b>		<b>BILLION POUNDS</b>			
PRODUCTION	177.0	182.0	181.9	183.1	183.1
FARM USE	1.1	1.1	1.1	1.0	1.0
<b>FAT BASIS SUPPLY</b>					
BEGINNING COMMERCIAL STOCKS	7.2	8.0	8.0	8.2	8.2
MARKETINGS	175.9	180.9	180.8	182.1	182.1
IMPORTS	4.6	4.5	4.4	5.1	5.1
TOTAL COMMERCIAL SUPPLY	187.7	193.4	193.3	195.4	195.4
<b>FAT BASIS USE</b>					
ENDING COMMERCIAL STOCKS	8.0	8.2	8.2	7.9	7.9
CCC NET REMOVALS <u>1/</u>	-0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	179.7	185.2	185.0	187.5	187.5
<b>SKIM-SOLIDS BASIS SUPPLY</b>					
BEGINNING COMMERCIAL STOCKS	8.2	9.0	9.0	9.0	9.0
MARKETINGS	175.9	180.9	180.8	182.1	182.1
IMPORTS	4.5	4.8	4.7	5.7	5.7
TOTAL COMMERCIAL SUPPLY	188.6	194.7	194.5	196.8	196.8
<b>SKIM-SOLIDS BASIS USE</b>					
ENDING COMMERCIAL STOCKS	9.0	9.0	9.0	8.8	8.8
CCC NET REMOVALS <u>1/</u>	-1.0	1.3	1.3	2.3	2.3
COMMERCIAL USE <u>2/</u>	180.7	184.4	184.2	185.7	185.7
<b>CCC PRODUCT NET REMOVALS <u>1/</u></b>		<b>MILLION POUNDS</b>			
BUTTER	0	0	0	0	0
CHEESE	-2	0	0	0	0
NONFAT DRY MILK	-81	110	110	195	195
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 9



## JUNE MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES						
Commodity	2005	2006 Projected		2007 Projected		
		May	June	May	June	
PRODUCT PRICES <u>1/</u> CHEESE	DOLLARS PER POUND					
	1.4875	1.205-1.255	1.215-1.255	1.295-1.395	1.295-1.395	
	BUTTER	1.5405	1.150-1.230	1.155-1.225	1.215-1.345	1.215-1.345
	NONFAT DRY MILK	0.9409	0.845-0.885	0.840-0.880	0.815-0.885	0.815-0.885
	DRY WHEY	0.2782	0.275-0.305	0.270-0.290	0.240-0.270	0.240-0.270
MILK PRICES <u>2/</u> CLASS III	DOLLARS PER CWT					
	14.05	11.25-11.75	11.30-11.70	11.95-12.95	11.90-12.90	
	CLASS IV	12.87	10.45-11.05	10.45-10.95	10.45-11.55	10.45-11.55
	ALL MILK <u>3/</u>	15.14	12.35-12.85	12.40-12.80	12.85-13.85	12.85-13.85
	QUARTERLY					
	2006 I	2006 II <u>4/</u>	2006 III <u>4/</u>	2006 IV <u>4/</u>	2007 I <u>4/</u>	
MILK PRODUCTION	BILLION POUNDS					
	45.5	46.8	44.8	44.7	46.3	
	DOLLARS PER CWT.					
	ALL MILK PRICE <u>2/</u> <u>3/</u>	13.53	11.80-12.00	11.95-12.45	12.40-13.20	12.20-13.20
	CLASS III PRICE <u>2/</u>	12.23	10.80-11.00	11.15-11.65	11.05-11.85	11.05-12.05
CLASS IV PRICE <u>2/</u>	11.33	10.20-10.50	10.25-10.85	10.15-11.05	10.15-11.25	

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at [http://www.ams.usda.gov/dyfmom/mib/fedordprc\\_dscrpt.htm](http://www.ams.usda.gov/dyfmom/mib/fedordprc_dscrpt.htm). 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Howard McDowell, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA.

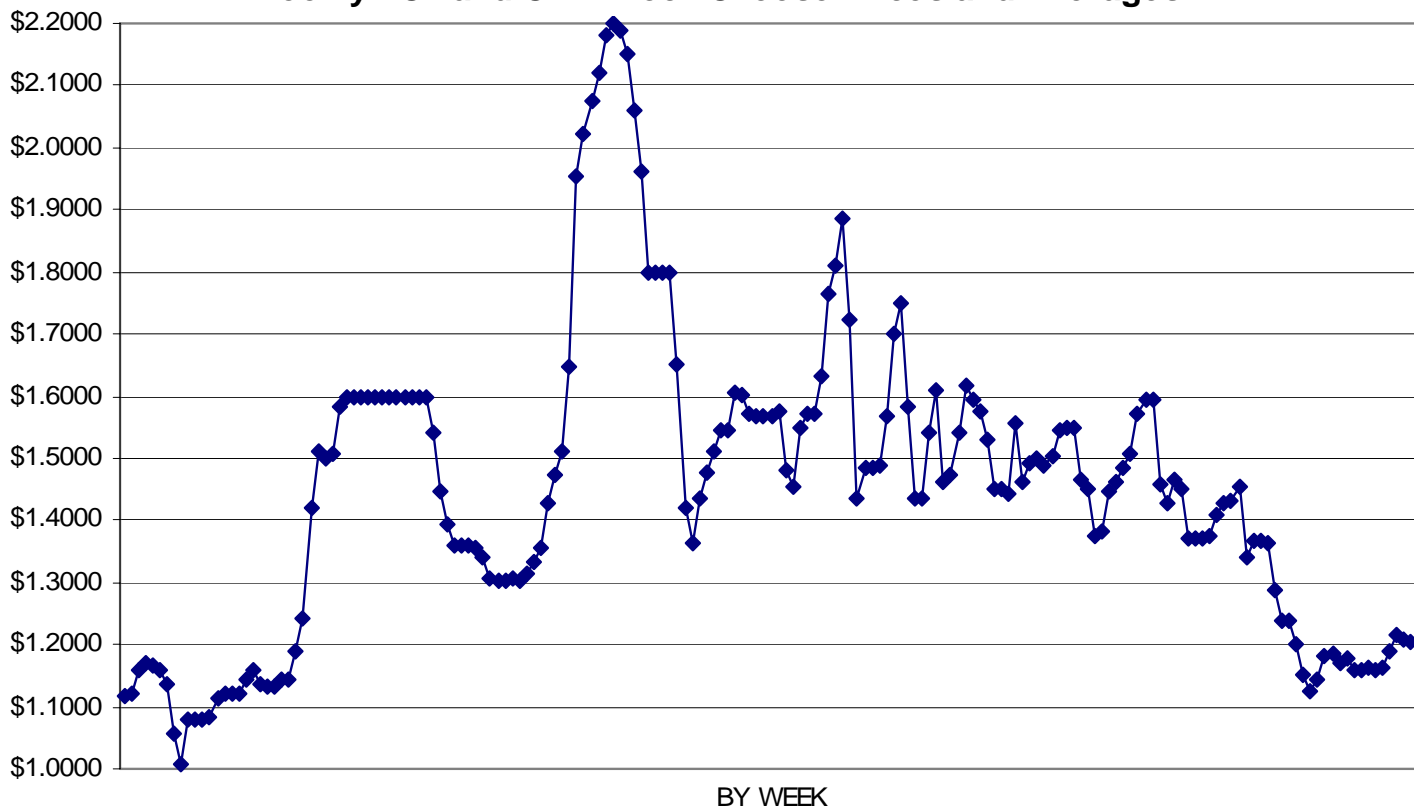
**SOURCE:** "World Agricultural Supply and Demand Estimates," WASDE-435, World Agricultural Outlook Board, USDA, June 9, 2006.

**2006 Cow Slaughter Under Federal Inspection - U.S. Total, with Comparisons  
(thousand head)**

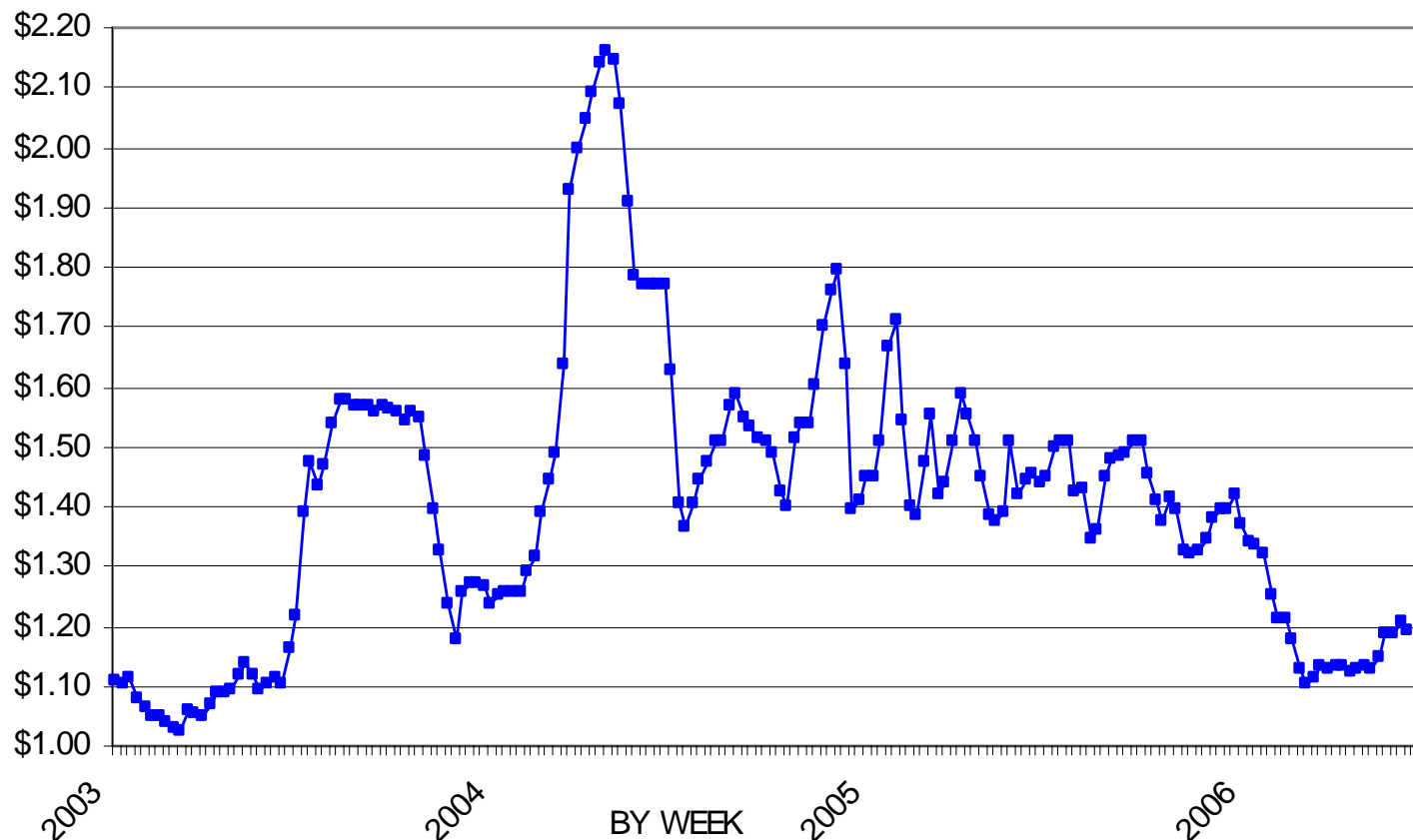
Week Ending	2006			2005			
	Dairy Cows	All Cows	Dairy as Percent of All	Week Ending	Dairy Cows	All Cows	Dairy as Percent Of All
Jan 7	42.8	92.7	46.2	Jan 1	42.7	86.1	49.6
14	50.0	114.4	43.7	8	52.1	101.9	51.1
21	47.2	104.6	45.1	15	58.8	112.3	52.4
28	45.8	98.7	46.4	22	49.6	103.8	47.8
Feb 4	44.7	96.1	46.5	29	48.6	105.7	46.0
11	43.4	93.0	46.7	Feb 5	49.1	98.9	49.6
18	41.0	88.9	46.1	12	46.2	93.4	49.5
25	42.0	88.3	47.6	19	46.9	95.9	48.9
Mar 4	45.4	97.5	46.6	26	44.2	91.3	48.4
11	46.4	96.4	48.1	Mar 5	42.3	83.3	50.8
18	44.9	95.1	47.2	12	45.2	89.4	50.6
25	42.0	83.5	50.3	19	43.7	89.0	49.1
Apr 1	43.1	91.6	47.1	26	42.4	86.3	49.1
8	43.7	95.4	45.8	Apr 2	41.3	81.2	50.9
15	42.2	92.4	45.7	9	42.7	89.0	48.0
22	40.2	92.7	43.4	16	41.9	87.8	47.7
29	43.7	105.1	41.6	23	38.8	84.2	46.1
May 6	40.8	92.9	43.9	30	39.3	86.1	45.6
13	40.6	93.5	43.4	May 7	40.6	87.1	46.6
20	40.8	93.6	43.6	14	39.4	87.1	45.2
27	40.9	95.3	42.2	21	39.1	91.3	42.8
Jun 3				28	38.0	90.1	42.2
13				Jun 4	33.3	74.1	44.9
20				11	37.4	85.8	43.6
27				18	36.5	86.3	42.3
				25	36.4	85.5	42.6

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service and the National Agricultural Statistics Service, all of USDA.

\$ PER POUND

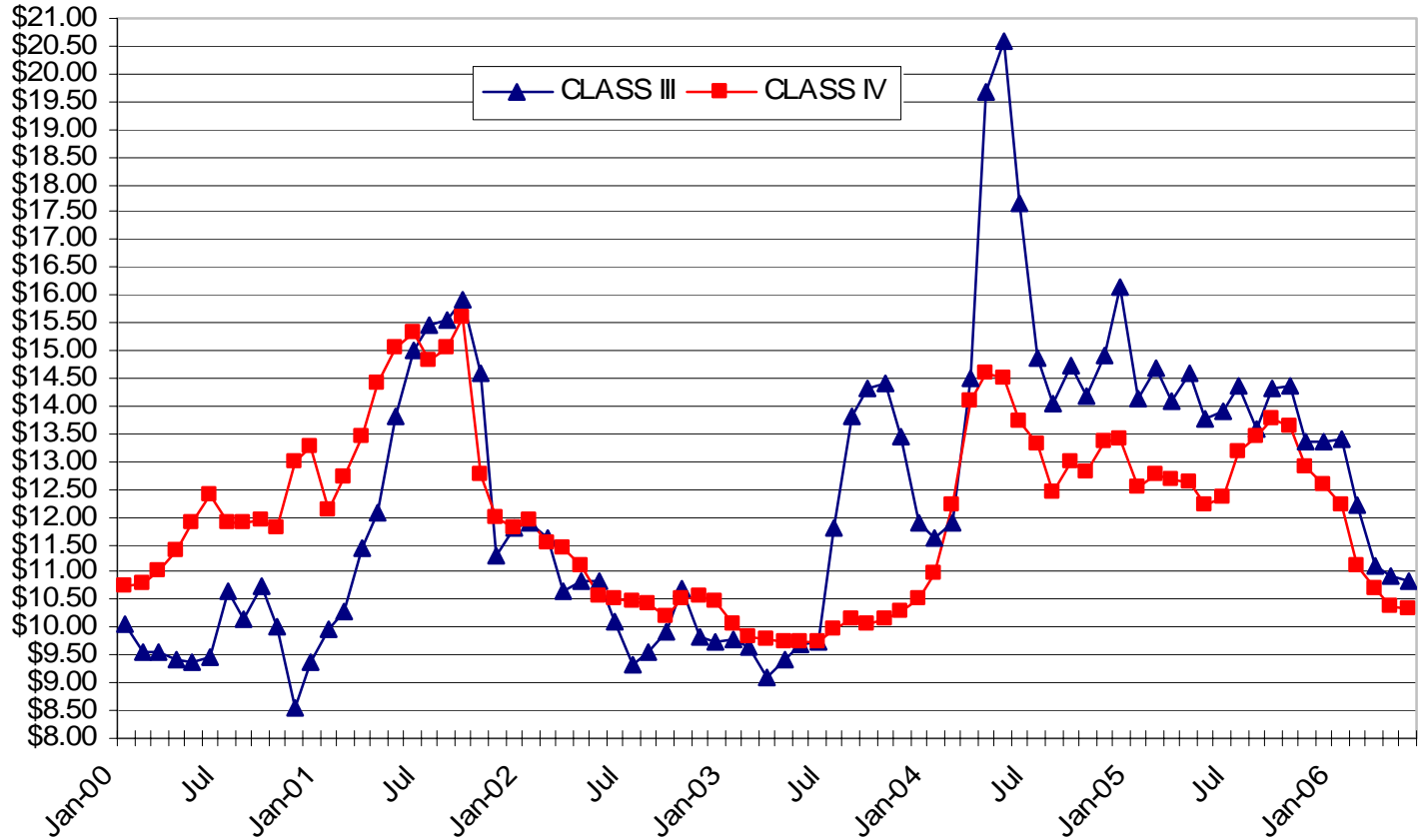
**Weekly NCE and CME Block Cheese Prices and Averages**

\$ PER POUND

**CME WEEKLY BARREL AVERAGE PRICE**

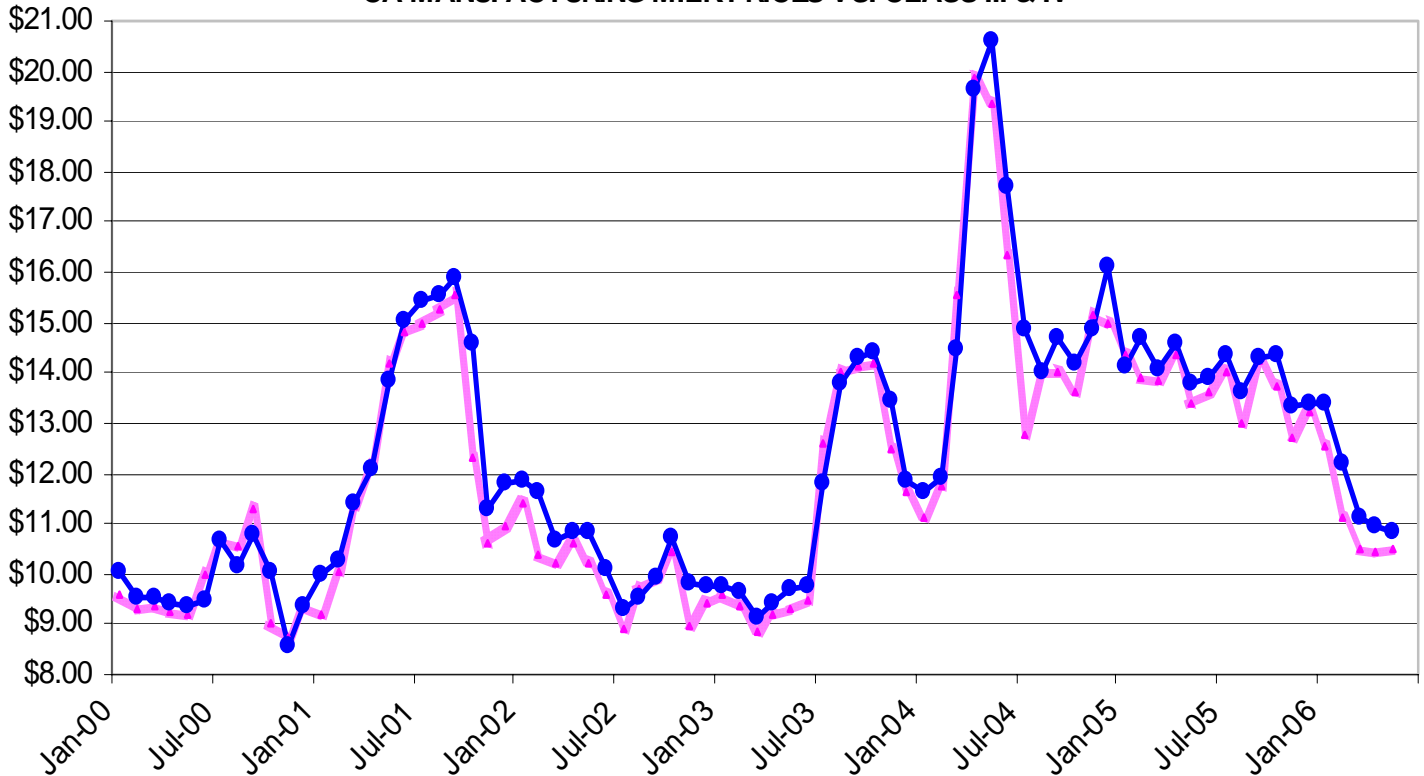
Per Cwt.

## 2000 - 2006 CLASS III AND IV MILK PRICES



Per CWT.

## CA MANUFACTURING MILK PRICES VS. CLASS III & IV



Graph/Source USDA, DMN

CA4B CLASS III



# DAIRY MARKET NEWS

---

## GENERAL NUMBER

Elizabeth Frederick  
(608) 250-3200  
Elizabeth.Frederick@USDA.GOV

VOLUME: 73

REPORT: 24

DATE: 06/16/06

## NORTHEAST/SOUTHEAST

Alan Wagner  
(608) 250-3207  
Alan.Wagner@USDA.GOV

## INTERNATIONAL

Steven Schneeberger  
(608) 250-3204  
Steven.Schneeberger@USDA.GOV

## CENTRAL

George Koerner  
(608) 250-3205  
George.Koerner@USDA.GOV

## INTERNET ADDRESS

WWW.AMS.USDA.GOV/DAIRY/MNCS/INDEX.HTM

## RECORDED INFORMATION SYSTEM

(608) 250-3208

## FAX

(608) 250-3216

## SOUTHWEST

Lester "Butch" Speth  
(608) 250-3202  
Butch.Speth@USDA.GOV

USDA, Dairy Market News  
122 E Olin Ave Ste 290  
Madison, WI 53713-1487

## NORTHWEST/MOUNTAIN

Donald Nelson  
National Supervisor  
(608) 250-3206  
DonaldO.Nelson@USDA.GOV

---

U.S. DEPARTMENT OF AGRICULTURE - AGRICULTURAL MARKETING SERVICE - DAIRY PROGRAMS

---